

Message Text

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SUBJ: LABOR ADMINISTRATIVE VICE MINISTER'S VIEWS ON ECONOMY

SUMMARY. ADMINISTRATIVE VICE MINISTER OF LABOR DOSHO
(TOP CAREER OFFICIAL IN MINISTRY) SAID MITI AND
ELEMENTS OF JAPANESE MEDIA EXAGGERATING SERIOUSNESS
OF UNEMPLOYMENT SITUATION IN JAPAN TO PROMOTE GREATER GOJ SPENDING
AS WELL AS SUBSIDIES TO AILING BUSINESSES. STRESSED LABOR MINISTRY'S
INTEREST IN REDUCING CURRENT DOUBLE DIGIT INFLATION
TO 9.9 PERCENT OR LESS.
HINTED INDIRECTLY THAT GOJ WOULD RECOMMEND AGAINST RECOGNITION
OF PUBLIC EMPLOYEE'S RIGHT TO STRIKE, AND SAID MOST WORRIOSOME
ELEMENT IN JAPANESE LABOR MOVEMENT WAS INFILTRATION OF
EXTREMIST RADICALS INTO PUBLIC SERVICE UNIONS SUCH AS LOCOMOTIVE
ENGINEERS (DORO). END SUMMARY.

1. UNEMPLOYMENT VERSUS INFLATION AS JAPAN'S NO. ONE
ECONOMIC ISSUE: IN CONVERSATION WITH LABATT SEPT 10,
ADMINISTRATIVE VICE MINISTER OF LABOR DOSHO SAID THAT LAB MIN
AND MITI AT LOGGERHEADS OVER WHETHER MOST SERIOUS THREAT TO JAPANESE
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ECONOMY IS UNEMPLOYMENT OR CONTINUATION OF DOUBLE DIGIT

INFLATION. ALL PUBLIC OPINION POLLS INDICATE GREATER PUBLIC CONCERN OVER INFLATION THAN OVER RECESSION AND UNEMPLOYMENT. THE LDP SUFFERED MAJOR POLITICAL SETBACK IN LAST UPPER HOUSE ELECTION BECAUSE INFLATION SEEMED OUT OF CONTROL IN MID 1974. LAB MIN FEARS THAT IF INFLATIONARY RATE CONTINUES TO BE IN DOUBLE DIGITS, RESULT WILL BE STRONG LABOR UNION PRESSURES FOR SIZEABLE WAGE HIKES IN SPRING 1976 SETTING OFF ANOTHER INFLATIONARY SPURT. MITI AND BUSINESS CIRCLES, HOWEVER, EBLIEVE THAT GOJ SHOULD GIVE FIRST PRIORITY TO STIMULATING ECONOMY AND SHOULD RISK POSSIBILITY OF COMMODITY PRICE INCREASES IN DOING SO. SINCE MITI IN PARTICULAR FEARFUL OF POSSIBLE NEGATIVE PUBLIC REACTION TO ITS APPARENT UNCONCERN OVER INFLATION, IT HAS INSPIRED MEDIA (PARTICULARLY NIHON KEIZAI SHIMBUN) TO MAGNIFY THREAT WHICH CONTINUANCE OF PRESENT LESS THAN 2 PERCENT UNEMPLOYMENT WOULD POSE TO JAPANESE SOCIAL FABRIC.

2. ACCORDING TO DOSHO, LABOR MINISTRY DOES NOT EXPECT ANY SIGNIFICANT INCREASE IN UNEMPLOYMENT RATE SINCE THERE IS AT PRESENT NO THREAT OF MASS LAYOFFS OR WIDE SCALE BANK-RUPTCIES. NO NEW PROPOSALS TO COUNTER UNEMPLOYMENT WILL BE SUBMITTED TO EXTRAORDINARY DIET SESSION, ALTHOUGH GOJ (IN SUPPLEMENTARY BUDGET), WILL SEEK INCREASE IN EMPLOYMENT ADJUSTMENT BENEFIT FUND. ALSO ACCORDING TO SOSHO MAJOR CONCERN OF YOUNGJAPANESE ENTERING LABOR MARKET IS STILL NOT FINDING EMPLOYMENT AS SUCH BUT RATHER WHETHER THYE WILL BE EMPLOYED BY COMPANY OF THEIR CHOICE. TEXTILE AND SHIPBUILDING, THE TWO MOST TROUBLED INDUSTRIES IN JAPANESE ECONOMY, OWE THEIR PROBLEMS NOT TO PRESENT RECESSION BUT INSTEAD TO TEXTILE INDUSTRY'S INABILITY TO ADJUST TO RAPIDLY CHANGING DEMAND PATTERNS AND SHIPBUILDING'S OVER-INVESTMENT IN SUPER TANKERS.

3. PUBLIC EMPLOYEES RIGHT TO STRIKE. DOSHO DID NOT REPLY DIRECTLY TO A QUESTION AS TO WHETHER GOJ ADVISORY COUNCIL WOULD RECOMMEND THIS FALL THAT PUBLIC EMPLOYEES BE GIVE RIGHT TO STRIKE, HE SAID, HOWEVER, THAT REPORT WOULD DEFINITELY NOT BE ISSUED BEFORE CONCLUSION OF CURRENT EXTRAORDINARY DIET SESSION. HE HINTED
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THAT GOJ WAS UNLIKELY TO RECOGNIZE PUBLIC EMPLOYEES RIGHT TO STRIKE BY NOTING THAT IF SOHYO AFFILIATED GOVERNMENT WORKERS UNIONS DISPLAY UNHAPPINESS WITH GOVERNMENT RECOMMENDATION BY LAUNCHING RAILWAY AND POSTAL STRIKES. ADVANCE PUBLIC REATION TO THESE STRIKES WOULD HURT SOCIALIST CANDIDATES IN NEXT LOWER HOUSE ELECTION. THEREFORE, LDP WILL PROFIT AT THE POLLS FROM SOCIALIST-GOJ CONFRONTATION

ON STRIKE ISSUE.

4. "NEW LEFT" INFILTRATION OF PUBLIC SERVICE UNIONS. TO LAB MIN, MOST DISTURBING NEW DEVELOPMENT IN JAPANESE ORGANIZED LABOR IS APPARENTLY PLANNED INFILTRATION BY EXTREME LEFT WING RADICALS BELONGING TO KAKUMARU AND CHUKAKU STUDENT Factions INTO GOVERNMENT UNIONS, PARTICULARLY LOCOMOTIVE ENGINEERS (DORO) AND POSTAL WORKERS (ZENTEI). LAB MIN UNDERSTANDS FROM PUBLIC SECURITY AUTHORITIES THERE ARE NO MORE THAN 35,000 MEMBERS OF THESE TWO STUDENT GROUPS. NEVERTHELESS ABOUT 10 PERCENT (3,500) HAVE OBTAINED EMPLOYMENT WITH NATIONAL RAILWAYS AND THEREBY JOINED DORO UNION IN LAST FEW YEARS. MOST OF THEM ARE CONCENTRATED IN TOKYO AREA PARTICULARLY IN HACHIOGI. GOJ PARTICULARLY APPREHENSIVE, THEREFORE, THAT ANY STRIKE ACTION BY DORO LATE THIS FALL IN SUPPORT OF EMPLOYEES RIGHT TO STRIKE CONTAINS CONSIDERABLE POTENTIAL FOR SERIOUS VIOLENCE.
HODGSON

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